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Iraq

Status Report

November 24, 2009



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS



- **COR Passes an Amended Version of the Election Law** (*POLITICAL*, page 4).
- **Defense Secretary Gates Says U.S. Continuing with Withdrawal Plans** (*SECURITY*, page 9)
- **Second Licensing Auction Rules Released by Iraq's Ministry of Oil** (*ECONOMIC*, page 11).
- **The GOI and EU Successfully Drafted a Preliminary Bilateral Agreement** (*DIPLOMATIC*, page 17).

POLITICAL - Governance & Legislation

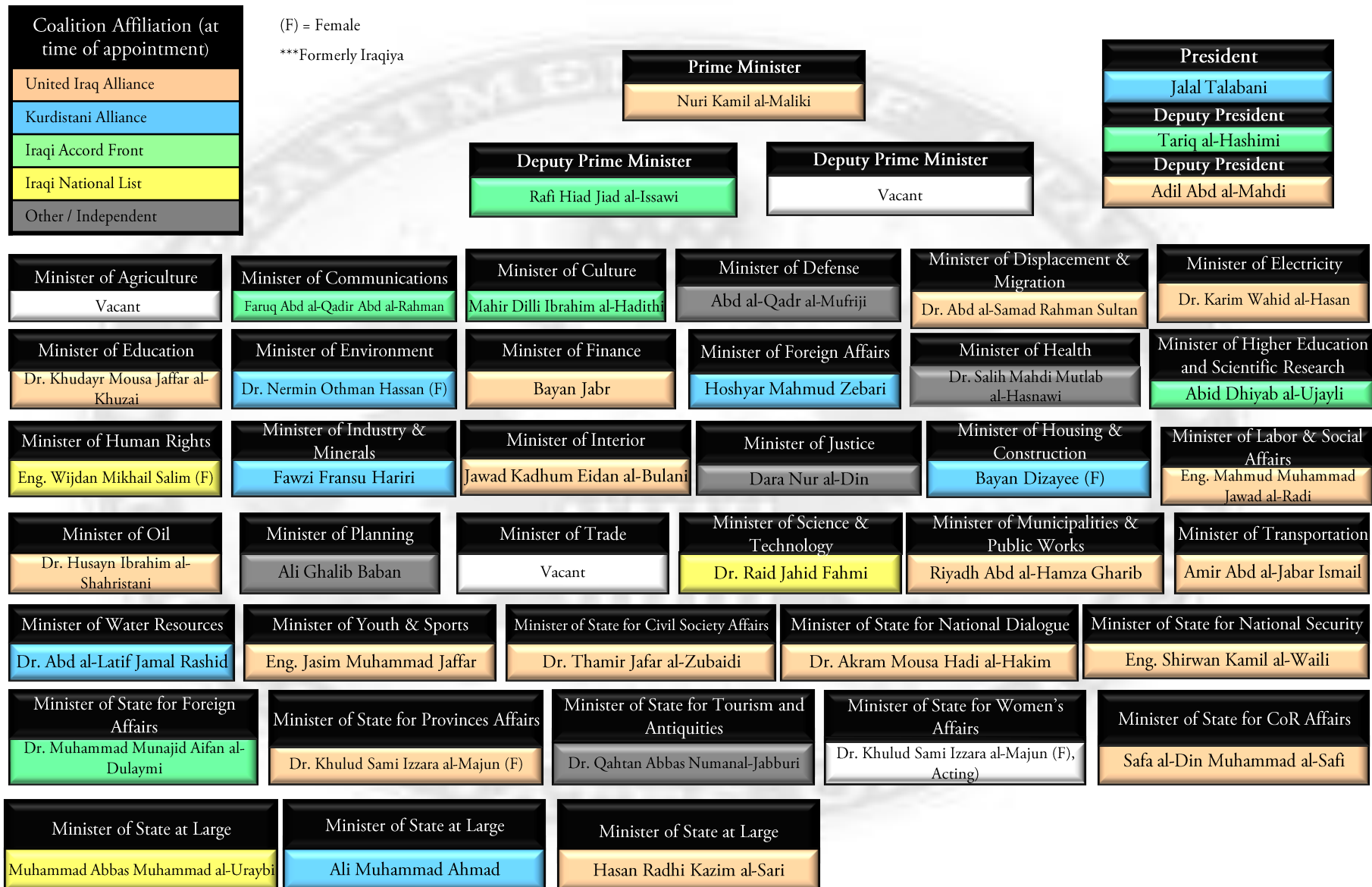


Iraqi COR and Presidency Council continue to pursue election law

COR Passes an Amended Version of the Election Law After Hashimi Veto:

- The Iraqi parliament approved an amended version of the election law on November 23, days after Vice President Tariq al-Hashimi vetoed the law, noting the need for additional seats to be allocated for Iraqis living abroad. Under the amended law, the votes of refugees and exiles would be counted in their home provinces. The law also stipulates that the voter rolls will be based on food ration data from 2005. The law did not directly increase the number of seats allocated to minorities, internally displaced and refugees to 15 % of the total, as Hashimi had demanded when he cast his veto.

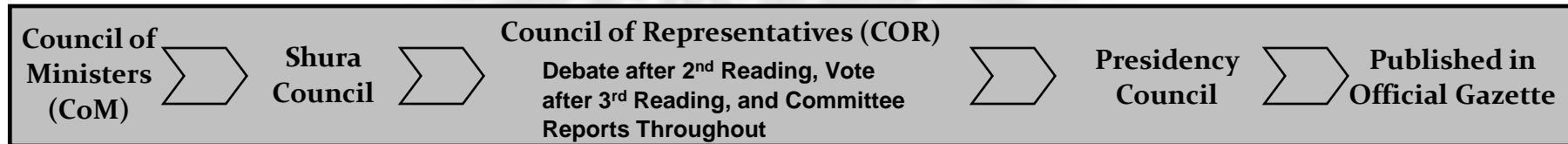
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** An amended election law was passed on November 23, 2009.

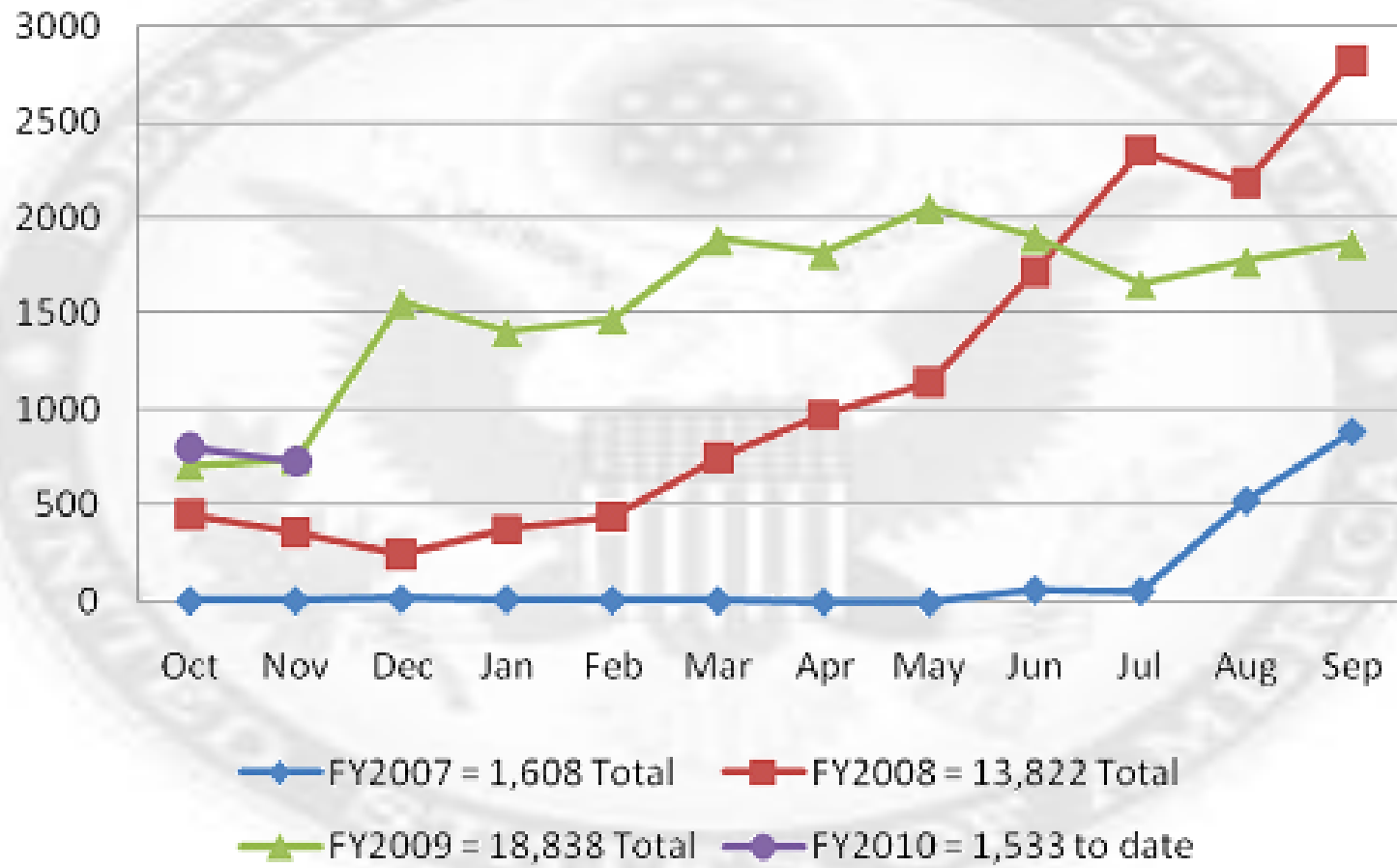
POLITICAL - Refugee Update



- There are approximately 295,000 Iraqi refugees currently registered with UNHCR in neighboring countries. There are likely significant numbers of unregistered refugees as well. UNHCR reports that 1.5 million Iraqis displaced by sectarian violence following the Samarra Mosque bombing of February 2006 remain internally displaced in Iraq.
- In FY09, the State Department's Bureau of Population, Refugees and Migration contributed \$ 303.4 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- Since the program's inception in FY07, 35,801 Iraqi refugees have been admitted for U.S. resettlement, an increase of 1,533 since the beginning of the fiscal year. The U.S. admitted 18,838 Iraqi refugees in FY09.
- As of September 2009, a total of 1,606 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).
- As of September 2009, a total of 3,028 SIVs have been issued for Iraqis employed by or on behalf of the U.S. government (and their dependents) since FY08 (under the Section 1244 program).
- Secretary of State Hillary Clinton announced July 24 that the United States was contributing more than \$100 million in new assistance to support the return and reintegration of displaced Iraqis.

POLITICAL - Refugee Update

Iraqi Admissions to the U.S.



SECURITY – Security Transition



Iraqi politics will not affect U.S. withdrawal

Defense Secretary Gates Says U.S. Continuing with Withdrawal Plans:

- Secretary of Defense Robert Gates said on November 19 that the possibility of Iraq's postponement of its January national elections is not currently affecting plans for troop withdrawal. Gates said at a news conference at the Pentagon that plans were moving forward for a large U.S. withdrawal next spring. The Iraqi parliament passed the election law again on November 23 following Vice President Tariq al-Hashimi's veto, which came on November 18. The election law must now go before the Presidency Council again for approval.

ECONOMIC – Oil



Oil prices are rising, but exports below 2009 targets

Crude Oil Update:

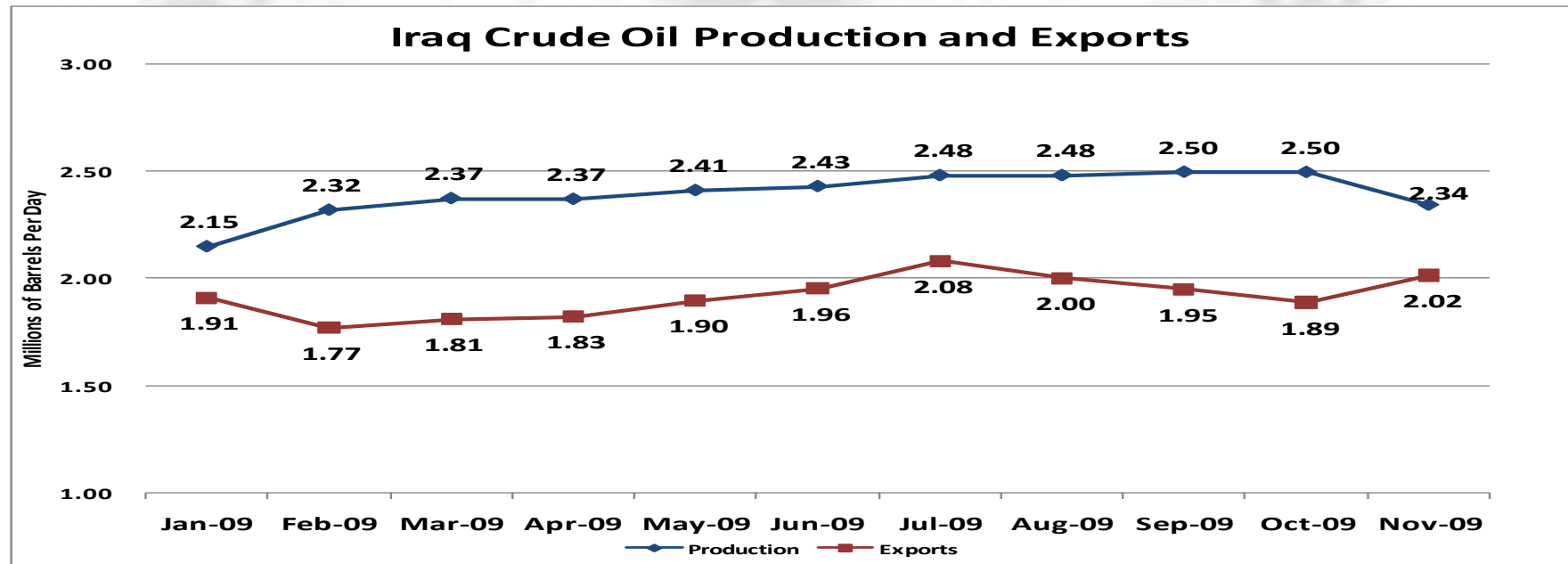
Price averages in world markets closed with the following prices:

Basrah Light at \$76.62/barrel

Dated Brent at \$77.64/barrel

WTI Cushing at \$78.36/barrel

Oman/Dubai at \$78.46/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$29.6

*Approximate estimate.

ECONOMIC – Oil



Iraq's Ministry of Oil releases bidding rules for second-round oil licensing auction

Second Licensing Auction Rules Released by Iraq's Ministry of Oil:

- The Iraqi Ministry of Oil released bidding rules and final model contracts for the second-round oil licensing auction. The Ministry's Petroleum Contracts and Licensing Directorate (PCLD) set two bidding parameters: U.S. dollar per barrel remuneration fee and production plateau target. The PCLD indicated that the best bidding scores would be calculated based on more weight, approximately 80%, being placed on the remuneration fee. This would, in theory, stop bidding companies from raising the production plateau too high in order to gain more returns from super-giant fields. The ten groups of oil and gas fields in question are: Majnoon, West Qurna-2, Halfaya and Garraf in southern Iraq, East Baghdad and Badra in the center, Qayarah, Najmah in the north, Eastern fields Qumer, Gilabat, Nau Doman and Khashm al-Ahmar (gas field)--northeast of Baghdad, and Middle Furat fields Kifl, West Kifl and Merjan in the center of the country. The Ministry of Oil estimates that these fields could provide an additional production of 2.6 million barrels per day of oil. There are 44 companies pre-qualified for the second bidding round, which is set for December 11-12.

ECONOMIC – Oil



Iraq's Ministry of Oil releases bidding rules for second-round oil licensing auction

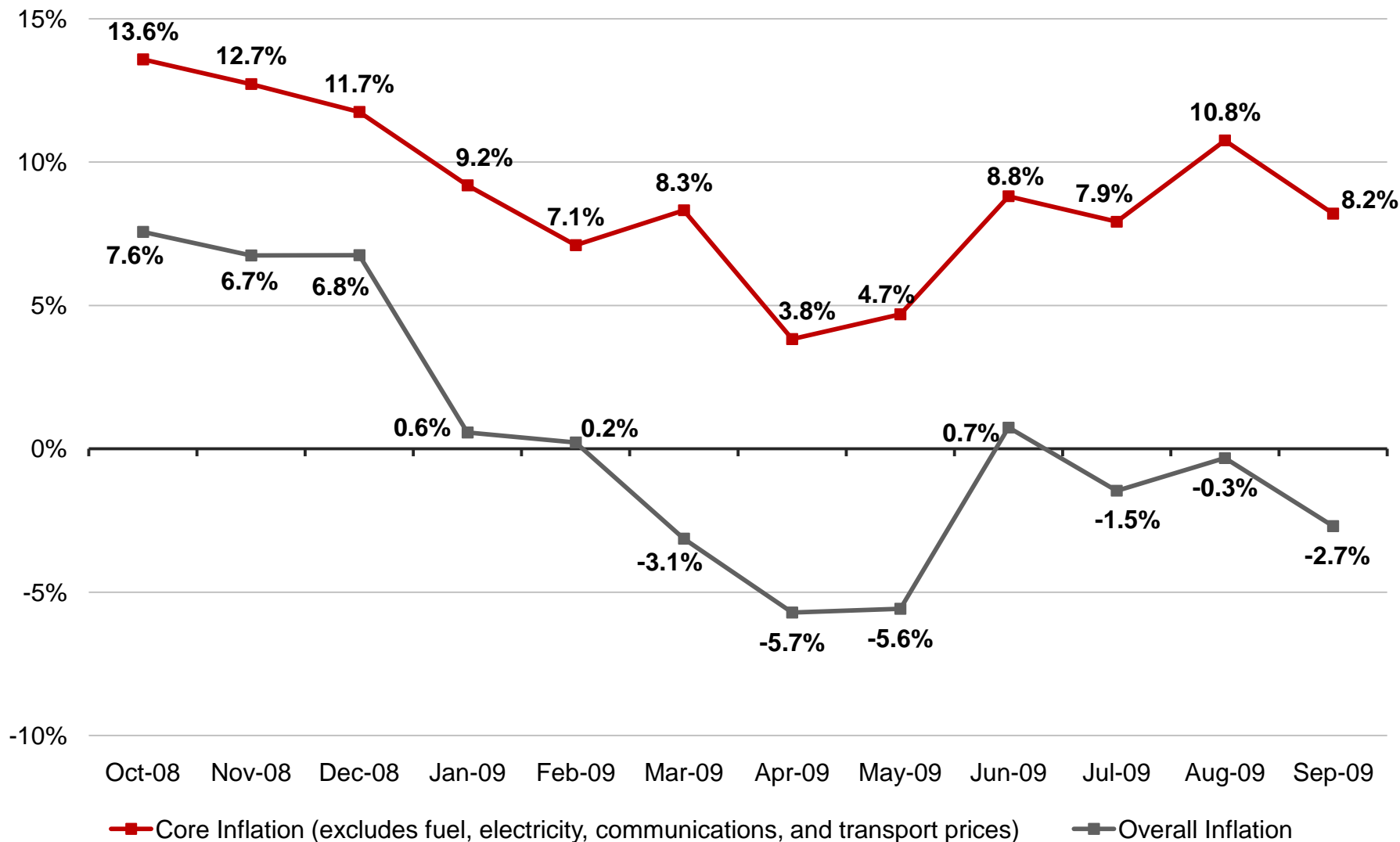
Nippon Expected to Meet with Oil Ministry Officials on Nassiriyah Oil Field Agreement:

- **Nippon Oil Cooperation representatives from a Japanese-led consortium are expected to meet with Iraqi Ministry of Oil officials in late November. Sabah Abdulkadhem al-Saadi, head of the legal and commercial department at the PCLD, said the meeting would finalize a potential engineering, procurement, and construction contract on the Nassiriyah oil field. Saadi said, "If they [Nippon's representatives] agree to our conditions, we could draft an agreement and sign it."**

ECONOMIC - Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



Negotiations continue between Iraq and the IMF over \$5.5 billion loan

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$75.51	\$75.13	\$76.79	\$66.08
Yield	8.47%	8.51%	8.31%	10.96%

ECONOMIC – Private Sector



Iraq's parliament approves amendments to the Investment Law

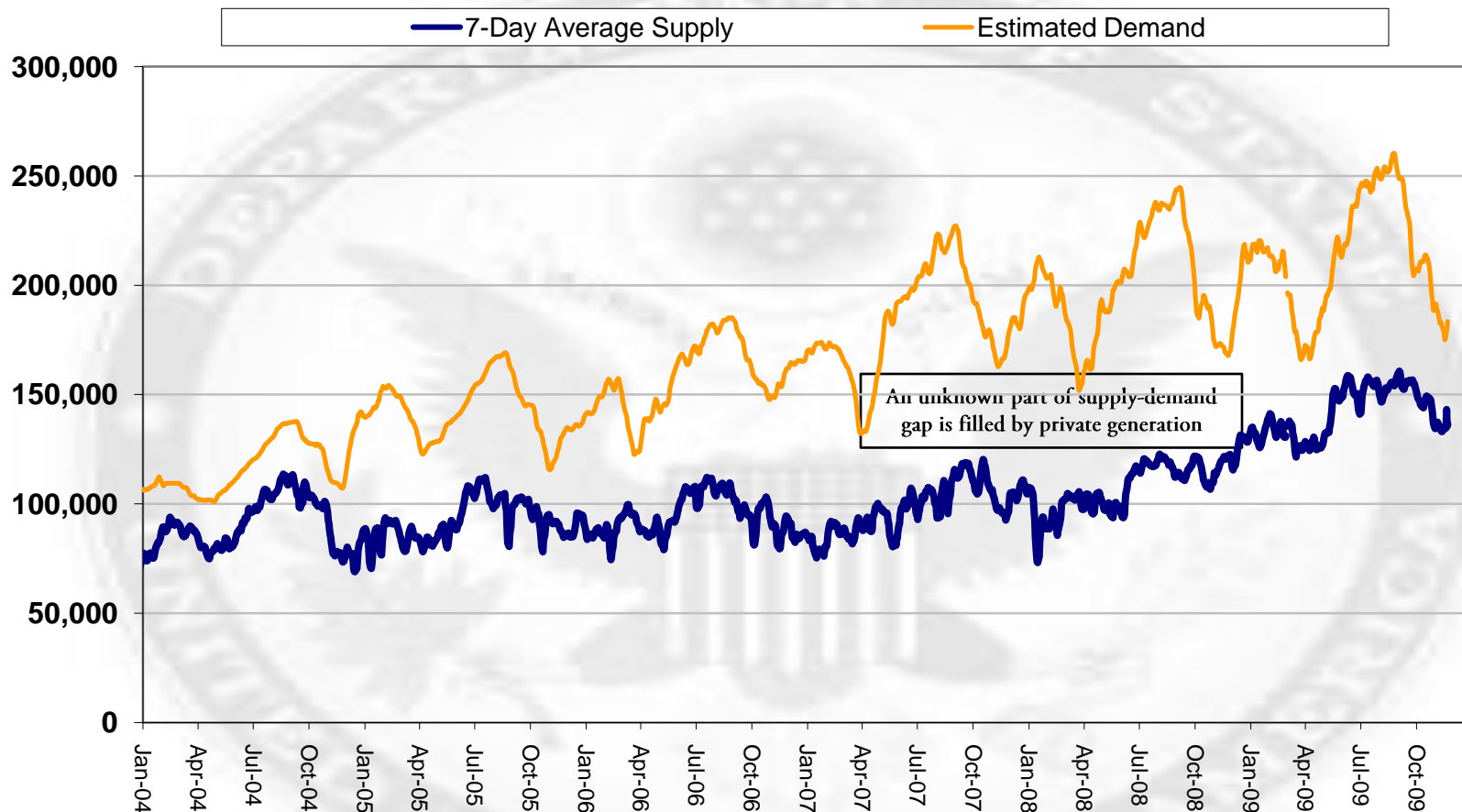
Iraqi Parliament Re-Passes Amendments to the Investment Law:

- The Iraqi parliament passed an amendment to its National Investment Law on November 23, that would allow foreigners to own land for housing projects and establish a committee to review land use, among other things. These amendments were originally passed in mid-October, but were sent back to the CoR for a minor change in language on the authority of the Prime Minister's office to appoint provincial officials. Lawmakers said that the new law was designed to streamline regulations and applications for foreign investment. "This is a huge achievement for everybody, the parliament, the cabinet and the Iraqi people. This will remove many obstacles blocking the investment process in Iraq," National Investment Commission Chairman Sami al-Araji told Reuters. The new law, which still needs to be approved by the Presidency Council, is intended to speed up the process of applying for investment licenses, and to clarify federal and provincial powers when dealing with investors.

Public Services – Electricity



Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Electricity supply from the grid November 15-21 was 13% above the year-earlier period and met 75% of estimated demand, compared with 72% for the earlier period.

DIPLOMATIC – Political Engagement



Iraq continues to strengthen relations with European Union

GOI and EU Agree on a Preliminary Bilateral Agreement:

- The Iraqi government and the European Union successfully drafted a preliminary bilateral agreement after nine rounds of negotiations lasting more than two and a half years. According to the Iraqi Ministry of Foreign Affairs, the draft agreement covers various areas of bilateral cooperation including trade, culture, and scientific/technical training and will also facilitate GOI-EU cooperation in combating terrorism, organized crime, and the illicit trafficking of stolen antiquities.

Beyond Baghdad



A local resident takes advantage of the Babil Province Center for Information and Training

Babil

Erbil

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

As a result of close cooperation between Babil PRT and the provincial government, a brand new center for information and training was opened on November 10. The Babil Provincial Center for Information and Training is located in an air-conditioned facility and includes 42 workstations equipped with a combination of desktops and laptops with internet access. The center will enable Babil Province to make information on reconstruction projects publically available and will provide governmental workers with computer training and an integrated computer network.

RRT Erbil in conjunction with the Kurdistan Regional Government, British Embassy and local Kahk TC recently helped sponsor a "Post-War Art and Culture Festival" in Sulimaniyah. The event, which lasted from November 7-9, was the first of its kind and was attended by KRG Prime Minister Barham Salih, First Lady Hero Ibrahim Ahmed Talabani and a large number of artists and scholars from Iraq, the UK, the U.S., Spain, Turkey, Egypt, Japan, Nigeria, and other countries. Paintings, photography and films were displayed at the festival, which was held at the notorious Red Jail, a former detention center run by Saddam Hussein's regime.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

- Department of State, Section 2207 Report on Iraq Relief and Reconstruction
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of State, Section 1227 Report on Iraq
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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Slide 4:

- Reuters, November 23, http://news.yahoo.com/s/nm/20091123/wl_nm/us_iraq_election_6

Slides 5-8:

- Department of State, NEA Political Section, NEA-I-POL-DL@state.gov

Slide 9:

- AP, November 20, http://www.google.com/hostednews/ap/article/ALeqM5gdE_56XyHbB6NPQQ_Mt-KKGgg5EgD9C2RHHO1;
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- Department of State, NEA/I Economics Section, NEA-I-ECON-DL@state.gov

Slide 11:

- WSJ, November 23, <http://online.wsj.com/article/BT-CO-20091123-703410.html>

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- WSJ, November 19, <http://online.wsj.com/article/BT-CO-20091119-709708.html>

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- Reuters, November 23, http://news.yahoo.com/s/nm/20091123/wl_nm/us_iraq_investment_law_2

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- Department of State, NEA/I Economics Section, NEA-I-ECON-DL@state.gov: EU/EC Press Release

Slide 17:

- Iraqi MOFA, November 19, <http://www.mofa.gov.iq/english/news/display.aspx?NewsID=7607>

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- Source for Stories:
 - -Embassy Baghdad Website, http://iraq.usembassy.gov/prt_11102009babil.html
 - -Embassy Baghdad Website, http://iraq.usembassy.gov/prt_erbil110709.html
 - -Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/